

July 22, 2003

CENTRAL MAINE POWER COMPANY
Request for Approval Of Affiliated Interest
Transaction For Facility Use Agreements

ORDER

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

I. SUMMARY

In this Order we approve affiliated interest agreements for the use of storage facilities between Central Maine Power Company (CMP of the Company) and its affiliates Maine Electric Power Company (MEPCO), The Southern Connecticut Gas Company (SCG), Connecticut Natural Gas Corporation (CNG), The Berkshire Gas Company (BCG) and New York State Electric & Gas (NYSEG), pursuant to 35-A M.R.S.A. § 707.

II. BACKGROUND

On May 29, 2003, CMP filed a request for approval of affiliated interest agreements with the affiliates noted above. MEPCO will lease a portion of CMP's North Augusta Service Center (NASC) for the storage of miscellaneous electric equipment, including items that are subject to State and Federal environmental regulations. NASC is a licensed commercial storage facility that is designed and operated specifically to handle such equipment. MEPCO requires this equipment inventory in order to ensure safe and reliable service over its facilities in Maine. Although the lease price may vary from year to year, the price will fully compensate CMP for all of its costs, including overheads, maintenance and use of capital, consistent with Rule 91 of the Securities & Exchange Commission's (SEC) regulations. MEPCO's annual lease rate will be based on the percentage of square footage it occupies in NASC. CMP estimates MEPCO's first year lease rate to be \$6,000.

CMP has also requested the approval of separate storage agreements between itself and SCG, CNG, BGC and NYSEG. Each of these utility affiliates will lease a portion of CMP's General Office in Augusta for the storage of computer equipment. As is the case with the MEPCO lease agreement, and again consistent with Rule 91 of the Securities & Exchange Commission's (SEC) regulations, CMP will be fully compensated for all its costs and the annual lease rate for each affiliate will be based on the percentage of square footage occupied in the General Office respectively by each affiliate. CMP estimates the combined first year lease payments for these agreements at roughly \$25,000.

III. DECISION

No public utility may arrange for the furnishing of any service with an affiliated interest until the Commission finds that the arrangement is not adverse to the public interest. 35-A M.R.S.A. § 707(3). The proposed agreements make use of available storage space in two Augusta facilities and will therefore not hinder CMP's efforts in providing safe and reliable service for its Maine ratepayers. The lease rates are designed to fully compensate CMP for all costs incurred (including its cost of capital) and the Company is currently operating under an incentive rate making scheme ("ARP 2000"). We therefore assume that CMP has no incentive to undercharge its affiliates to the detriment of its ratepayers and conclude that the agreements are not adverse to the public interest.

Accordingly, we

O R D E R

That the Facility Use Agreements described in Central Maine Power Company's petition filed May 29, 2003, which contemplates transactions between affiliates Central Maine Power Company and each of, Maine Electric Power Company, The Southern Connecticut Gas Company, Connecticut Natural Gas Corporation, The Berkshire Gas Company and New York State Electric & Gas Company, are approved.

Dated at Augusta, Maine, this 22nd day of July, 2003.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond
 Reishus

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 21 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.